

REFERENCE TITLE: retiree health insurance; rural subsidy

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

HB 2196

Introduced by
Representatives Konopnicki: Alvarez, Burns J, Miranda

AN ACT

AMENDING SECTIONS 38-783, 38-817 AND 38-906, ARIZONA REVISED STATUTES;
AMENDING SECTION 38-857, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2005,
CHAPTER 297, SECTION 3; REPEALING SECTION 38-857, ARIZONA REVISED STATUTES,
AS AMENDED BY LAWS 2004, CHAPTER 325, SECTION 6; RELATING TO PUBLIC RETIREES'
HEALTH INSURANCE SUBSIDIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-783, Arizona Revised Statutes, is amended to
3 read:

4 38-783. Retired members; dependents; health insurance; premium
5 payment; separate account; definitions

6 A. Subject to subsections J, K and L of this section, the board shall
7 pay from ASRS assets part of the single coverage premium of any health and
8 accident insurance for each retired, contingent annuitant or disabled member
9 of ASRS if the member elects to participate in the coverage provided by ASRS
10 or section 38-651.01 or elects to participate in a health and accident
11 insurance program provided or administered by an employer or paid for, in
12 whole or in part, by an employer to an insurer. A contingent annuitant must
13 be receiving a monthly retirement benefit from ASRS in order to obtain any
14 premium payment provided by this section. The board shall pay:

15 1. Up to one hundred fifty dollars per month for a member of ASRS who
16 is not eligible for medicare if the retired or disabled member has ten or
17 more years of credited service.

18 2. Up to one hundred dollars per month for each member of ASRS who is
19 eligible for medicare if the retired or disabled member has ten or more years
20 of credited service.

21 B. Subject to subsections J, K and L of this section, the board shall
22 pay from ASRS assets part of the family coverage premium of any health and
23 accident insurance for a retired, contingent annuitant or disabled member of
24 ASRS who elects family coverage and who otherwise qualifies for payment
25 pursuant to subsection A of this section. If a member of ASRS and the
26 member's spouse are both either retired or disabled under ASRS and apply for
27 family coverage, the member who elects family coverage is entitled to receive
28 the payments under this section as if they were both applying under a single
29 coverage premium unless the payment under this section for family coverage is
30 greater. Payment under this subsection is in the following amounts:

31 1. Up to two hundred sixty dollars per month if the member of ASRS and
32 one or more dependents are not eligible for medicare.

33 2. Up to one hundred seventy dollars per month if the member of ASRS
34 and one or more dependents are eligible for medicare.

35 3. Up to two hundred fifteen dollars per month if either:

36 (a) The member of ASRS is not eligible for medicare and one or more
37 dependents are eligible for medicare.

38 (b) The member of ASRS is eligible for medicare and one or more
39 dependents are not eligible for medicare.

40 C. In addition each retired, contingent annuitant or disabled member
41 of ASRS with less than ten years of credited service and a dependent of such
42 a retired, contingent annuitant or disabled member who elects to participate
43 in the coverage provided by ASRS or section 38-651.01 or who elects to
44 participate in a health and accident insurance program provided or
45 administered by an employer or paid for, in whole or in part, by an employer

1 to an insurer is entitled to receive a proportion of the full benefit
2 prescribed by subsection A, B, E, ~~OR F, O or P~~ of this section according to
3 the following schedule:

- 4 1. 9.0 to 9.9 years of credited service, ninety per cent.
- 5 2. 8.0 to 8.9 years of credited service, eighty per cent.
- 6 3. 7.0 to 7.9 years of credited service, seventy per cent.
- 7 4. 6.0 to 6.9 years of credited service, sixty per cent.
- 8 5. 5.0 to 5.9 years of credited service, fifty per cent.
- 9 6. Those with less than five years of credited service do not qualify
10 for the benefit.

11 D. The board shall not pay more than the amount prescribed in this
12 section for a member of ASRS.

13 ~~E. In addition to the payments provided by subsection A of this
14 section, through June 30, 2005, the board shall pay an insurance premium
15 benefit for medical coverage, not including limited benefit coverage as
16 defined in section 20-1137, for each retired, contingent annuitant or
17 disabled member of ASRS who is eligible for a premium benefit payment
18 pursuant to subsection A of this section and who lives in a nonservice area
19 as follows:~~

20 ~~1. Up to three hundred dollars per month for a member of ASRS who is
21 not eligible for medicare if the retired or disabled member has ten or more
22 years of credited service. To qualify for this additional benefit, a retired
23 or disabled member of ASRS shall pay out of pocket medical insurance premiums
24 of at least one hundred twenty-five dollars per month.~~

25 ~~2. Up to one hundred seventy dollars per month for a member of ASRS
26 who is eligible for medicare if the retired or disabled member has ten or
27 more years of credited service. To qualify for this additional benefit, a
28 retired or disabled member of ASRS shall pay out of pocket medical insurance
29 premiums of at least one hundred dollars per month.~~

30 ~~F. In addition to the payments provided by subsection B of this
31 section, through June 30, 2005, the board shall pay from ASRS assets part of
32 the family coverage premium for medical coverage, not including limited
33 benefit coverage as defined in section 20-1137, for a retired, contingent
34 annuitant or disabled member of ASRS who is eligible for a premium benefit
35 payment pursuant to subsection B of this section, who is enrolled in a family
36 medical plan and who lives in a nonservice area as follows:~~

37 ~~1. Up to six hundred dollars per month if the member of ASRS and one
38 or more dependents are not eligible for medicare and the retired or disabled
39 member of ASRS has ten or more years of credited service. To qualify for
40 this additional benefit, a retired or disabled member shall pay out of pocket
41 medical insurance premiums of at least four hundred twenty-five dollars per
42 month.~~

43 ~~2. Up to three hundred fifty dollars per month if the member of ASRS
44 and one or more dependents are eligible for medicare and the retired or
45 disabled member of ASRS has ten or more years of credited service. To~~

1 ~~qualify for this additional benefit, a retired or disabled member shall pay~~
2 ~~out of pocket medical insurance premiums of at least two hundred dollars per~~
3 ~~month.~~

4 ~~3. If the retired or disabled member of ASRS has ten or more years of~~
5 ~~credited service, up to four hundred seventy dollars per month if either:~~

6 ~~(a) The member of ASRS is not eligible for medicare and one or more~~
7 ~~dependents are eligible for medicare.~~

8 ~~(b) The member of ASRS is eligible for medicare and one or more~~
9 ~~dependents are not eligible for medicare.~~

10 ~~To qualify for this additional benefit, a retired or disabled member shall~~
11 ~~pay out of pocket medical insurance premiums of at least four hundred dollars~~
12 ~~per month.~~

13 ~~0.~~ E. In addition to the payments provided by subsection A of this
14 section, beginning July 1, 2005 through June 30, ~~2007~~ 2009, the board shall
15 pay an insurance premium benefit for medical coverage, not including limited
16 benefit coverage as defined in section 20-1137, for each medicare eligible
17 retired, contingent annuitant or disabled member of ASRS who is eligible for
18 a premium benefit payment pursuant to subsection A of this section and who
19 lives in a nonservice area of up to one hundred seventy dollars per month for
20 a member of ASRS who is eligible for medicare if the retired or disabled
21 member has ten or more years of credited service. To qualify for this
22 additional benefit, a retired or disabled member of ASRS shall pay
23 out-of-pocket medical insurance premiums of at least one hundred dollars per
24 month.

25 ~~P.~~ F. In addition to the payments provided by subsection B of this
26 section, beginning July 1, 2005 through June 30, ~~2007~~ 2009, the board shall
27 pay from ASRS assets part of the family coverage premium for medical
28 coverage, not including limited benefit coverage as defined in section
29 20-1137, for a medicare eligible retired, contingent annuitant or disabled
30 member of ASRS who is eligible for a premium benefit payment pursuant to
31 subsection B of this section, who is enrolled in a family medical plan and
32 who lives in a nonservice area as follows:

33 1. Up to three hundred fifty dollars per month if the member of ASRS
34 and one or more dependents are eligible for medicare and the retired or
35 disabled member of ASRS has ten or more years of credited service. To
36 qualify for this additional benefit, a retired or disabled member shall pay
37 out-of-pocket medical insurance premiums of at least two hundred dollars per
38 month.

39 2. If the retired or disabled member of ASRS has ten or more years of
40 credited service, up to four hundred seventy dollars per month if the member
41 of ASRS is eligible for medicare and one or more dependents are not eligible
42 for medicare. To qualify for this additional benefit, a retired or disabled
43 member shall pay out-of-pocket medical insurance premiums of at least four
44 hundred dollars per month.

1 G. A retired, contingent annuitant or disabled member of ASRS who is
2 enrolled in a managed care program in a nonservice area is not eligible for
3 the payment prescribed in subsection E, ~~OR F, 0 or P~~ of this section if the
4 member terminates coverage under the managed care program.

5 H. A retired, contingent annuitant or disabled member of ASRS may
6 elect to purchase individual health care coverage and receive a payment
7 pursuant to this section through the retired or disabled member's employer if
8 that employer assumes the administrative functions associated with the
9 payment, including verification that the payment is used to pay for health
10 insurance coverage if the payment is made to the retired or disabled member.

11 I. The board shall establish a separate account that consists of the
12 benefits provided by this section. The board shall not use or divert any
13 part of the corpus or income of the account for any purpose other than the
14 provision of benefits under this section unless the liabilities of ASRS to
15 provide the benefits are satisfied. If the liabilities of ASRS to provide
16 the benefits described in this section are satisfied, the board shall return
17 any amount remaining in the account to the employer.

18 J. Payment of the benefits provided by this section is subject to the
19 following conditions:

20 1. The payment of the benefits is subordinate to the payment of
21 retirement benefits payable by ASRS.

22 2. The total of contributions for the benefits and actual
23 contributions for life insurance protection, if any, shall not exceed
24 twenty-five per cent of the total actual employer and employee contributions
25 to ASRS, less contributions to fund past service credits, after the day the
26 account is established.

27 3. The board shall deposit the benefits provided by this section in
28 the account.

29 4. The contributions by the employer to the account shall be
30 reasonable and ascertainable.

31 K. A member who elects to receive a retirement benefit pursuant to
32 section 38-760, subsection B, paragraph 1 may elect at the time of retirement
33 an optional form of health and accident insurance premium benefit payment
34 pursuant to this subsection as follows:

35 1. The optional premium benefit payment shall be an amount prescribed
36 by subsection A, B, C, E, ~~OR F, 0 or P~~ of this section that is actuarially
37 reduced to the retiring member for life. The amount of the optional premium
38 benefit payment shall be the actuarial equivalent of the premium benefit
39 payment to which the retired member would otherwise be entitled. The
40 election in a manner prescribed by the board shall name the contingent
41 annuitant and may be revoked at any time before the retiring member's
42 effective date of retirement. At any time after benefits have commenced, the
43 member may name a different contingent annuitant or rescind the election by
44 written notice to the board as follows:

1 (a) If the retired member names a different contingent annuitant, the
2 optional premium benefit payment shall be adjusted to the actuarial
3 equivalent of the original premium benefit payment based on the age of the
4 new contingent annuitant. The adjustment shall include all postretirement
5 increases or decreases in amounts prescribed by subsection A, B, C, E, ~~OR~~
6 ~~F, ~~0 or P~~~~ of this section that are authorized by law after the retired
7 member's date of retirement. Payment of this adjusted premium benefit
8 payment shall continue under the provisions of the optional premium benefit
9 payment previously elected by the retired member. A retired member cannot
10 name a different contingent annuitant if the retired member has at any time
11 rescinded the optional form of health and accident insurance premium benefit
12 payment.

13 (b) If the retired member rescinds the election, the retired member
14 shall thereafter receive the premium benefit payment that the retired member
15 would otherwise be entitled to receive if the retired member had not elected
16 the optional premium benefit payment, including all postretirement increases
17 or decreases in amounts prescribed by subsection A, B, C, E, ~~OR~~ ~~F, ~~0 or P~~~~ of
18 this section that are authorized by law after the member's date of
19 retirement. The increased benefit payment shall continue during the
20 remainder of the retired member's lifetime. The decision to rescind shall be
21 irrevocable.

22 2. If, at the time of the retired member's death:

23 (a) The retired member was receiving a reduced premium benefit payment
24 based on an amount prescribed in subsection B, C, ~~OR~~ ~~F or P~~ of this section
25 and the contingent annuitant is eligible for family health and accident
26 insurance coverage, the contingent annuitant is entitled to receive a premium
27 benefit payment based on an amount prescribed in subsection B, C, ~~OR~~ ~~F or P~~
28 of this section times the reduction factor applied to the retired member's
29 premium benefit payment times the joint and survivor option reduction factor
30 elected by the retired member at the time of retirement pursuant to section
31 38-760, subsection B, paragraph 1.

32 (b) The retired member was receiving a reduced premium benefit payment
33 based on an amount prescribed in subsection A, C, ~~OR~~ ~~E or P~~ of this section
34 and the contingent annuitant is eligible for single health and accident
35 insurance coverage, the contingent annuitant is entitled to receive a premium
36 benefit payment based on an amount prescribed in subsection A, C, ~~OR~~ ~~E or P~~
37 of this section times the reduction factor applied to the retired member's
38 premium benefit payment times the joint and survivor option reduction factor
39 elected by the retired member at the time of retirement pursuant to section
40 38-760, subsection B, paragraph 1.

41 (c) The retired member was receiving a reduced premium benefit payment
42 based on an amount prescribed in subsection B, C, ~~OR~~ ~~F or P~~ of this section
43 and the contingent annuitant is not eligible for family health and accident
44 insurance coverage, the contingent annuitant is entitled to receive a premium
45 benefit payment based on an amount prescribed in subsection A, C, ~~OR~~ ~~E or P~~

1 of this section times the reduction factor applied to the retired member's
2 premium benefit payment times the joint and survivor option reduction factor
3 elected by the retired member at the time of retirement pursuant to section
4 38-760, subsection B, paragraph 1.

5 L. A member who elects to receive a retirement benefit pursuant to
6 section 38-760, subsection B, paragraph 2 may elect at the time of retirement
7 an optional form of health and accident insurance premium benefit payment
8 pursuant to this subsection as follows:

9 1. The optional premium benefit payment shall be an amount prescribed
10 by subsection A, B, C, E, ~~OR F, 0 or P~~ of this section that is actuarially
11 reduced with payments for five, ten or fifteen years that are not dependent
12 on the continued lifetime of the retired member but whose payments continue
13 for the retired member's lifetime beyond the five, ten or fifteen year
14 period. The election in a manner prescribed by the board shall name the
15 contingent annuitant and may be revoked at any time before the retiring
16 member's effective date of retirement. At any time after benefits have
17 commenced, the member may name a different contingent annuitant or rescind
18 the election by written notice to the board. If the retired member rescinds
19 the election, the retired member shall thereafter receive the premium benefit
20 payment that the retired member would otherwise be entitled to receive if the
21 retired member had not elected the optional premium benefit payment,
22 including all postretirement increases or decreases in amounts prescribed by
23 subsection A, B, C, E, ~~OR F, 0 or P~~ of this section that are authorized by
24 law after the member's date of retirement. The increased benefit payment
25 shall continue during the remainder of the retired member's lifetime. The
26 decision to rescind shall be irrevocable.

27 2. If, at the time of the retired member's death:

28 (a) The retired member was receiving a reduced premium benefit payment
29 based on an amount prescribed in subsection B, C, ~~OR F or P~~ of this section
30 and the contingent annuitant is eligible for family health and accident
31 insurance coverage, the contingent annuitant is entitled to receive a premium
32 benefit payment based on an amount prescribed in subsection B, C, ~~OR F or P~~
33 of this section times the period certain and life option reduction factor
34 elected by the retired member at the time of retirement pursuant to section
35 38-760, subsection B, paragraph 2.

36 (b) The retired member was receiving a reduced premium benefit payment
37 based on an amount prescribed in subsection A, C, ~~OR E or 0~~ of this section
38 and the contingent annuitant is eligible for single health and accident
39 insurance coverage, the contingent annuitant is entitled to receive a premium
40 benefit payment based on an amount prescribed in subsection A, C, ~~OR E or 0~~
41 of this section times the period certain and life option reduction factor
42 elected by the retired member at the time of retirement pursuant to section
43 38-760, subsection B, paragraph 2.

1 (c) The retired member was receiving a reduced premium benefit payment
2 based on an amount prescribed in subsection B, ~~C,~~ ~~OR F~~ ~~or P~~ of this section
3 and the contingent annuitant is not eligible for family health and accident
4 insurance coverage, the contingent annuitant is entitled to receive a premium
5 benefit payment based on an amount prescribed in subsection A, ~~C,~~ ~~OR E~~ ~~or O~~
6 of this section times the period certain and life option reduction factor
7 elected by the retired member at the time of retirement pursuant to section
8 38-760, subsection B, paragraph 2.

9 M. If, at the time of retirement, a retiring member does not elect to
10 receive a reduced premium benefit payment pursuant to subsection K or L of
11 this section, the retired member's contingent annuitant is not eligible at
12 any time for the optional premium benefit payment.

13 N. A contingent annuitant is not eligible for any premium benefit
14 payment if the contingent annuitant was not enrolled in an eligible health
15 and accident insurance plan at the time of the retired member's death or if
16 the contingent annuitant is not the dependent beneficiary or insured
17 surviving dependent as provided in section 38-782.

18 ~~O.~~ 0. For the purposes of this section:

19 1. "Account" means the separate account established pursuant to
20 subsection I of this section.

21 2. "Credited service" includes prior service.

22 3. "Nonservice area" means an area in this state in which ASRS
23 pursuant to section 38-782, the department of administration pursuant to
24 section 38-651.01 or any employer does not provide or administer a health
25 care services organization program, excluding any preferred provider
26 organization program or individual health indemnity policy, for which the
27 retired, contingent annuitant or disabled member of ASRS is eligible.

28 4. "Prior service" means service for this state or a political
29 subdivision of this state before membership in the defined contribution
30 program administered by ASRS.

31 Sec. 2. Section 38-817, Arizona Revised Statutes, is amended to read:

32 38-817. Group health and accident coverage for retired members;
33 payment; definition

34 A. The fund manager shall pay from the assets of the fund part of the
35 single coverage premium of any group health and accident insurance for each
36 retired member or survivor of the elected officials' retirement plan who
37 receives a pension if the retired member had eight or more years of credited
38 service under the plan. In order to qualify for payment pursuant to this
39 subsection, the retired member or survivor shall elect single coverage and
40 must have elected to participate in the coverage provided in section
41 38-651.01 or 38-782 or any other health and accident insurance coverage
42 provided or administered by a participating employer of the elected
43 officials' retirement plan. The fund manager shall pay up to:

44 1. One hundred fifty dollars per month for each retired member or
45 survivor of the plan who is not eligible for medicare.

1 2. One hundred dollars per month for each retired member or survivor
2 of the plan who is eligible for medicare.

3 B. The fund manager shall pay from the assets of the fund part of the
4 family coverage premium of any group health and accident insurance each month
5 for a benefit recipient who elects family coverage and who otherwise
6 qualifies for payment pursuant to subsection A of this section. The fund
7 manager shall pay up to:

8 1. Two hundred sixty dollars per month if the retired member or
9 survivor of the plan and one or more dependents are not eligible for
10 medicare.

11 2. One hundred seventy dollars per month if the retired member or
12 survivor of the plan and one or more dependents are eligible for medicare.

13 3. Two hundred fifteen dollars per month if either:

14 (a) The retired member or survivor of the plan is not eligible for
15 medicare and one or more dependents are eligible for medicare.

16 (b) The retired member or survivor of the plan is eligible for
17 medicare and one or more dependents are not eligible for medicare.

18 C. Each retired member or survivor of the plan with less than eight
19 years of credited service and a dependent of such a retired member or
20 survivor who participates in the coverage provided by section 38-651.01 or
21 38-782 or who participates in any other health and accident insurance
22 coverage provided or administered by a participating employer of the plan is
23 entitled to receive a proportion of the full benefit prescribed by subsection
24 A, B, E, ~~OR F, G or H~~ of this section according to the following schedule:

25 1. 7.0 to 7.9 years of credited service, ninety per cent.

26 2. 6.0 to 6.9 years of credited service, seventy-five per cent.

27 3. 5.0 to 5.9 years of credited service, sixty per cent.

28 4. Those with less than five years of credited service do not qualify
29 for the benefit.

30 D. The fund manager shall not pay more than the amount prescribed in
31 this section for a benefit recipient as a member or survivor of the plan.

32 ~~E. In addition to the payments provided by subsection A of this
33 section, through June 30, 2005, the fund manager shall pay an insurance
34 premium benefit for medical coverage, not including limited benefit coverage
35 as defined in section 20-1137, for each retired member or survivor of the
36 plan who is entitled to a premium benefit payment pursuant to subsection A of
37 this section and who lives in a nonservice area as follows:~~

38 ~~1. Up to three hundred dollars per month for a retired member or
39 survivor of the plan who is not eligible for medicare and who has eight or
40 more years of credited service. To qualify for this additional benefit, a
41 retired member or survivor shall pay out-of-pocket medical insurance premiums
42 of at least one hundred twenty-five dollars per month.~~

43 ~~2. Up to one hundred seventy dollars per month for a retired member or
44 survivor of the plan who is eligible for medicare and who has eight or more
45 years of credited service. To qualify for this additional benefit, a retired~~

1 ~~member or survivor shall pay out-of-pocket medical insurance premiums of at~~
2 ~~least one hundred dollars per month.~~

3 ~~F. In addition to the payments provided by subsection B of this~~
4 ~~section, through June 30, 2005, the fund manager shall pay an insurance~~
5 ~~premium benefit for medical coverage, not including limited benefit coverage~~
6 ~~as defined in section 20-1137, for a retired member or survivor of the plan~~
7 ~~who is entitled to a premium benefit payment pursuant to subsection B of this~~
8 ~~section, who is enrolled in a family medical plan and who lives in a~~
9 ~~nonservice area as follows:~~

10 ~~1. Up to six hundred dollars per month if the retired member or~~
11 ~~survivor of the plan and one or more dependents are not eligible for medicare~~
12 ~~and the retired member or survivor of the plan has eight or more years of~~
13 ~~credited service. To qualify for this additional benefit, a retired member~~
14 ~~or survivor shall pay out-of-pocket medical insurance premiums of at least~~
15 ~~four hundred twenty-five dollars per month.~~

16 ~~2. Up to three hundred fifty dollars per month if the retired member~~
17 ~~or survivor of the plan and one or more dependents are eligible for medicare~~
18 ~~and the retired member or survivor of the plan has eight or more years of~~
19 ~~credited service. To qualify for this additional benefit, a retired member~~
20 ~~or survivor shall pay out-of-pocket medical insurance premiums of at least~~
21 ~~two hundred dollars per month.~~

22 ~~3. If the retired member or survivor of the plan has eight or more~~
23 ~~years of credited service, up to four hundred seventy dollars per month if~~
24 ~~either:~~

25 ~~(a) The retired member or survivor of the plan is not eligible for~~
26 ~~medicare and one or more dependents are eligible for medicare.~~

27 ~~(b) The retired member or survivor of the plan is eligible for~~
28 ~~medicare and one or more dependents are not eligible for medicare.~~

29 ~~To qualify for this additional benefit, a retired member or survivor shall~~
30 ~~pay out-of-pocket medical insurance premiums of at least four hundred dollars~~
31 ~~per month.~~

32 ~~G. E.~~ E. In addition to the payments provided by subsection A of this
33 section, beginning July 1, 2005 through June 30, ~~2007~~ 2009, the fund manager
34 shall pay an insurance premium benefit for medical coverage, not including
35 limited benefit coverage as defined in section 20-1137, for each medicare
36 eligible retired member or survivor of the plan who is entitled to a premium
37 benefit payment pursuant to subsection A of this section and who lives in a
38 nonservice area of up to one hundred seventy dollars per month for a retired
39 member or survivor of the plan who is eligible for medicare and who has eight
40 or more years of credited service. To qualify for this additional benefit, a
41 retired member or survivor shall pay out-of-pocket medical insurance premiums
42 of at least one hundred dollars per month.

43 ~~H. F.~~ F. In addition to the payments provided by subsection B of this
44 section, beginning July 1, 2005 through June 30, ~~2007~~ 2009, the fund manager
45 shall pay an insurance premium benefit for medical coverage, not including

1 limited benefit coverage as defined in section 20-1137, for a medicare
2 eligible retired member or survivor of the plan who is entitled to a premium
3 benefit payment pursuant to subsection B of this section, who is enrolled in
4 a family medical plan and who lives in a nonservice area as follows:

5 1. Up to three hundred fifty dollars per month if the retired member
6 or survivor of the plan and one or more dependents are eligible for medicare
7 and the retired member or survivor of the plan has eight or more years of
8 credited service. To qualify for this additional benefit, a retired member
9 or survivor shall pay out-of-pocket medical insurance premiums of at least
10 two hundred dollars per month.

11 2. If the retired member or survivor of the plan has eight or more
12 years of credited service, up to four hundred seventy dollars per month
13 if the retired member or survivor of the plan is eligible for medicare and
14 one or more dependents are not eligible for medicare. To qualify for this
15 additional benefit, a retired member or survivor shall pay out-of-pocket
16 medical insurance premiums of at least four hundred dollars per month.

17 ~~I.~~ G. A retired member or survivor of the plan who is enrolled in a
18 managed care program in a nonservice area is not eligible for the payment
19 prescribed in subsection E, ~~OR F, G or H~~ of this section if the member
20 terminates coverage under the managed care program.

21 ~~J.~~ H. A retired member or survivor of the plan may elect to purchase
22 individual health care coverage and receive a payment pursuant to this
23 section through the retired member's employer if that employer assumes the
24 administrative functions associated with the payment, including verification
25 that the payment is used to pay for health insurance coverage if the payment
26 is made to the retired member or survivor of the plan.

27 ~~K.~~ I. For the purposes of this section, "nonservice area" means an
28 area in this state in which the Arizona state retirement system pursuant to
29 section 38-782, the department of administration pursuant to section
30 38-651.01 or the member's or survivor's participating employer does not
31 provide or administer a health care services organization program, excluding
32 any preferred provider organization program or individual health indemnity
33 policy, for which the retired member or survivor of the plan is eligible.

34 Sec. 3. Section 38-857, Arizona Revised Statutes, as amended by Laws
35 2005, chapter 297, section 3, is amended to read:

36 38-857. Group health and accident coverage for retired members;
37 payment; definition

38 A. The fund manager of the public safety personnel retirement system
39 shall pay part of the single coverage premium of any group health and
40 accident insurance for each retired member or survivor of the system who
41 receives a pension and who has elected to participate in the coverage
42 provided by section 38-651.01 or 38-782 or any other health and accident
43 insurance coverage provided or administered by a participating employer of
44 the system. The fund manager shall pay up to:

- 1 1. One hundred fifty dollars per month for each retired member or
2 survivor of the system who is not eligible for medicare.
- 3 2. One hundred dollars per month for each retired member or survivor
4 of the system who is eligible for medicare.
- 5 B. The fund manager of the system shall pay from assets of the fund
6 part of the family coverage premium of any group health and accident
7 insurance each month for a benefit recipient who elects family coverage and
8 otherwise qualifies for payment pursuant to subsection A of this
9 section. The fund manager shall pay up to:
- 10 1. Two hundred sixty dollars per month if the retired member or
11 survivor of the system and one or more dependents are not eligible for
12 medicare.
- 13 2. One hundred seventy dollars per month if the retired member or
14 survivor of the system and one or more dependents are eligible for medicare.
- 15 3. Two hundred fifteen dollars per month if either:
- 16 (a) The retired member or survivor of the system is not eligible for
17 medicare and one or more dependents are eligible for medicare.
- 18 (b) The retired member or survivor of the system is eligible for
19 medicare and one or more dependents are not eligible for medicare.
- 20 C. The fund manager shall not pay from assets of the fund more than
21 the amount prescribed in this section for a benefit recipient as a member or
22 survivor of the system.
- 23 D. This section does not apply to a retired member or survivor of the
24 system who is reemployed by this state or a political subdivision of this
25 state and who participates in coverage provided by this state or a political
26 subdivision of this state as an active employee.
- 27 ~~E. In addition to the payments provided by subsection A of this~~
28 ~~section, through June 30, 2005, the fund manager shall pay an insurance~~
29 ~~premium benefit for medical coverage, not including limited benefit coverage~~
30 ~~as defined in section 20-1137, for each retired member or survivor of the~~
31 ~~system who is entitled to a premium benefit payment pursuant to subsection A~~
32 ~~of this section and who lives in a nonservice area as follows:~~
- 33 ~~1. Up to three hundred dollars per month for a retired member or~~
34 ~~survivor of the system who is not eligible for medicare. To qualify for this~~
35 ~~additional benefit, a retired member or survivor shall pay out-of-pocket~~
36 ~~medical insurance premiums of at least one hundred twenty-five dollars per~~
37 ~~month.~~
- 38 ~~2. Up to one hundred seventy dollars per month for a retired member or~~
39 ~~survivor of the system who is eligible for medicare. To qualify for this~~
40 ~~additional benefit, a retired member or survivor shall pay out-of-pocket~~
41 ~~medical insurance premiums of at least one hundred dollars per month.~~
- 42 ~~F. In addition to the payments provided by subsection B of this~~
43 ~~section, through June 30, 2005, the fund manager shall pay an insurance~~
44 ~~premium benefit for medical coverage, not including limited benefit coverage~~
45 ~~as defined in section 20-1137, for a retired member or survivor of the system~~

1 ~~who is entitled to a premium benefit payment pursuant to subsection B of this~~
2 ~~section, who is enrolled in a family medical plan and who lives in a~~
3 ~~nonservice area as follows:~~

4 ~~1. Up to six hundred dollars per month if the retired member or~~
5 ~~survivor of the system and one or more dependents are not eligible for~~
6 ~~medicare. To qualify for this additional benefit, a retired member or~~
7 ~~survivor shall pay out of pocket medical insurance premiums of at least four~~
8 ~~hundred twenty five dollars per month.~~

9 ~~2. Up to three hundred fifty dollars per month if the retired member~~
10 ~~or survivor of the system and one or more dependents are eligible for~~
11 ~~medicare. To qualify for this additional benefit, a retired member or~~
12 ~~survivor shall pay out of pocket medical insurance premiums of at least two~~
13 ~~hundred dollars per month.~~

14 ~~3. Up to four hundred seventy dollars per month if either:~~

15 ~~(a) The retired member or survivor of the system is not eligible for~~
16 ~~medicare and one or more dependents are eligible for Medicare.~~

17 ~~(b) The retired member or survivor of the system is eligible for~~
18 ~~Medicare and one or more dependents are not eligible for Medicare.~~

19 ~~To qualify for this additional benefit, a retired member or survivor shall~~
20 ~~pay out of pocket medical insurance premiums of at least four hundred dollars~~
21 ~~per month.~~

22 ~~G.~~ E. In addition to the payments provided by subsection A of this
23 section, beginning July 1, 2005 through June 30, ~~2007~~ 2009, the fund manager
24 shall pay an insurance premium benefit for medical coverage, not including
25 limited benefit coverage as defined in section 20-1137, for each Medicare
26 eligible retired member or survivor of the system who is entitled to a
27 premium benefit payment pursuant to subsection A of this section and who
28 lives in a nonservice area of up to one hundred seventy dollars per month for
29 a retired member or survivor of the system who is eligible for Medicare. To
30 qualify for this additional benefit, a retired member or survivor shall pay
31 out-of-pocket medical insurance premiums of at least one hundred dollars per
32 month.

33 ~~H.~~ F. In addition to the payments provided by subsection B of this
34 section, beginning July 1, 2005 through June 30, ~~2007~~ 2009, the fund manager
35 shall pay an insurance premium benefit for medical coverage, not including
36 limited benefit coverage as defined in section 20-1137, for a Medicare
37 eligible retired member or survivor of the system who is entitled to a
38 premium benefit payment pursuant to subsection B of this section, who is
39 enrolled in a family medical plan and who lives in a nonservice area as
40 follows:

41 1. Up to three hundred fifty dollars per month if the retired member
42 or survivor of the system and one or more dependents are eligible for
43 Medicare. To qualify for this additional benefit, a retired member or
44 survivor shall pay out-of-pocket medical insurance premiums of at least two
45 hundred dollars per month.

1 2. Up to four hundred seventy dollars per month if the retired member
2 or survivor of the system is eligible for medicare and one or more dependents
3 are not eligible for medicare. To qualify for this additional benefit, a
4 retired member or survivor shall pay out-of-pocket medical insurance premiums
5 of at least four hundred dollars per month.

6 ~~I.~~ G. A retired member or survivor of the system who is enrolled in a
7 managed care program in a nonservice area is not eligible for the payment
8 prescribed in subsection E, ~~OR F, G or H~~ of this section if the member
9 terminates coverage under the managed care program.

10 ~~J.~~ H. THROUGH JUNE 30, 2008, a retired member or survivor of the
11 system may elect to purchase individual health care coverage and receive a
12 payment pursuant to this section through the retired member's employer if
13 that employer assumes the administrative functions associated with the
14 payment, including verification that the payment is used to pay for health
15 insurance coverage if the payment is made to the retired member or survivor
16 of the system.

17 I. BEGINNING JULY 1, 2008, A RETIRED MEMBER OR SURVIVOR OF THE SYSTEM
18 MAY ELECT TO PURCHASE INDIVIDUAL HEALTH CARE COVERAGE AND RECEIVE A PAYMENT
19 PURSUANT TO THIS SECTION THROUGH THE RETIRED MEMBER'S EMPLOYER. IF THE
20 RETIRED MEMBER OR SURVIVOR MAKES THE ELECTION UNDER THIS SUBSECTION, THE
21 RETIRED MEMBER'S EMPLOYER SHALL PROVIDE THE ADMINISTRATIVE FUNCTIONS
22 ASSOCIATED WITH THE PAYMENT, INCLUDING VERIFICATION THAT THE PAYMENT IS USED
23 TO PAY FOR HEALTH INSURANCE. THE RETIRED MEMBER OR SURVIVOR IS RESPONSIBLE
24 FOR PROVIDING THE WRITTEN EVIDENCE OF COVERAGE TO THE EMPLOYER. ELIGIBILITY
25 FOR AND PAYMENT OF THE SUBSIDY SHALL BEGIN ON THE LAST DAY OF THE MONTH
26 FOLLOWING THE MONTH IN WHICH THE WRITTEN EVIDENCE IS RECEIVED BY THE
27 EMPLOYER. THE EMPLOYER IS NOT RESPONSIBLE FOR MAKING, AND IS NOT OBLIGATED
28 TO MAKE, RETROACTIVE SUBSIDY PAYMENTS TO THE INSURANCE CARRIER IF THE RETIRED
29 MEMBER OR SURVIVOR DOES NOT SUPPLY THE WRITTEN EVIDENCE OF COVERAGE IN A
30 TIMELY MANNER. THE PAYMENT ALLOWED PURSUANT TO THIS SUBSECTION IS LIMITED TO
31 NO MORE THAN TWENTY-FIVE DOLLARS PER MONTH.

32 ~~K.~~ J. For the purposes of this section, "nonservice area" means an
33 area in this state in which the Arizona state retirement system pursuant to
34 section 38-782, the department of administration pursuant to section
35 38-651.01 or the member's or survivor's participating employer does not
36 provide or administer a health care services organization program, excluding
37 any preferred provider organization program or individual health indemnity
38 policy, for which the retired member or survivor of the system is eligible.

39 Sec. 4. Repeal

40 Section 38-857, Arizona Revised Statutes, as amended by Laws 2004,
41 chapter 325, section 6, is repealed.

1 Sec. 5. Section 38-906, Arizona Revised Statutes, is amended to read:
2 38-906. Group health and accident coverage for retired members:
3 payment; definition

4 A. The fund manager shall pay from the assets of the fund part of the
5 single coverage premium of any group health and accident insurance for each
6 retired member or survivor of the plan who receives a pension and who has
7 elected to participate in coverage provided by section 38-651.01 or 38-782 or
8 any other health and accident insurance coverage provided or administered by
9 a participating employer in the plan. The fund manager shall pay up to:

10 1. One hundred fifty dollars per month for each retired member or
11 survivor of the plan who is not eligible for medicare.

12 2. One hundred dollars per month for each retired member or survivor
13 of the plan who is eligible for medicare.

14 B. The fund manager shall pay from the assets of the fund part of the
15 family coverage premium of any group health and accident insurance for each
16 retired member or survivor of the plan who elects family coverage and who
17 otherwise qualifies for payment pursuant to subsection A of this section.
18 Payment under this subsection is in the following amounts:

19 1. Up to two hundred sixty dollars per month if the retired member or
20 survivor of the plan and one or more dependents are not eligible for
21 medicare.

22 2. Up to one hundred seventy dollars per month if the retired member
23 or survivor of the plan and one or more dependents are eligible for medicare.

24 3. Up to two hundred fifteen dollars if either:

25 (a) The retired member or survivor of the plan is not eligible for
26 medicare and one or more dependents are eligible for medicare.

27 (b) The retired member or survivor of the plan is eligible for
28 medicare and one or more dependents are not eligible for medicare.

29 C. The fund manager shall not pay more than the amount prescribed in
30 this section for a benefit recipient as a member or survivor of the plan.

31 ~~D. In addition to the payments provided by subsection A of this~~
32 ~~section, through June 30, 2005, the fund manager shall pay an insurance~~
33 ~~premium benefit for medical coverage, not including limited benefit coverage~~
34 ~~as defined in section 20-1137, for each retired member or survivor of the~~
35 ~~plan who is entitled to a premium benefit payment pursuant to subsection A of~~
36 ~~this section and who lives in a nonservice area as follows:~~

37 ~~1. Up to three hundred dollars per month for a retired member or~~
38 ~~survivor of the plan who is not eligible for medicare. To qualify for this~~
39 ~~additional benefit, a retired member or survivor shall pay out-of-pocket~~
40 ~~medical insurance premiums of at least one hundred twenty-five dollars per~~
41 ~~month.~~

42 ~~2. Up to one hundred seventy dollars per month for a retired member or~~
43 ~~survivor of the plan who is eligible for medicare. To qualify for this~~
44 ~~additional benefit, a retired member or survivor shall pay out-of-pocket~~
45 ~~medical insurance premiums of at least one hundred dollars per month.~~

1 ~~E. In addition to the payments provided by subsection B of this~~
2 ~~section, through June 30, 2005, the fund manager shall pay an insurance~~
3 ~~premium benefit for medical coverage, not including limited benefit coverage~~
4 ~~as defined in section 20-1137, for a retired member or survivor of the plan~~
5 ~~who is entitled to a premium benefit payment pursuant to subsection B of this~~
6 ~~section, who is enrolled in a family medical plan and who lives in a~~
7 ~~nonservice area as follows:~~

8 ~~1. Up to six hundred dollars per month if the retired member or~~
9 ~~survivor of the plan and one or more dependents are not eligible for~~
10 ~~medicare. To qualify for this additional benefit, a retired member or~~
11 ~~survivor shall pay out-of-pocket medical insurance premiums of at least four~~
12 ~~hundred twenty-five dollars per month.~~

13 ~~2. Up to three hundred fifty dollars per month if the retired member~~
14 ~~or survivor of the plan and one or more dependents are eligible for~~
15 ~~medicare. To qualify for this additional benefit, a retired member or survivor shall~~
16 ~~pay out-of-pocket medical insurance premiums of at least two hundred dollars~~
17 ~~per month.~~

18 ~~3. Up to four hundred seventy dollars per month if either:~~
19 ~~(a) The retired member or survivor of the plan is not eligible for~~
20 ~~medicare and one or more dependents are eligible for~~

21 ~~medicare.~~
22 ~~(b) The retired member or survivor of the plan is eligible for~~
23 ~~medicare and one or more dependents are not eligible for~~
24 ~~medicare. To qualify for this additional benefit, a retired member or survivor shall~~
25 ~~pay out-of-pocket medical insurance premiums of at least four hundred dollars~~
26 ~~per month.~~

27 ~~F. D.~~ In addition to the payments provided by subsection A of this
28 section, beginning July 1, 2005 through June 30, 2007 2009, the fund manager
29 shall pay an insurance premium benefit for medical coverage, not including
30 limited benefit coverage as defined in section 20-1137, for each medicare
31 eligible retired member or survivor of the plan who is entitled to a premium
32 benefit payment pursuant to subsection A of this section and who lives in a
33 nonservice area of up to one hundred seventy dollars per month for a retired
34 member or survivor of the plan who is eligible for medicare. To qualify for
35 this additional benefit, a retired member or survivor shall pay out-of-pocket
36 medical insurance premiums of at least one hundred dollars per month.

37 ~~G. E.~~ In addition to the payments provided by subsection B of this
38 section, beginning July 1, 2005 through June 30, 2007 2009, the fund manager
39 shall pay an insurance premium benefit for medical coverage, not including
40 limited benefit coverage as defined in section 20-1137, for a medicare
41 eligible retired member or survivor of the plan who is entitled to a premium
42 benefit payment pursuant to subsection B of this section, who is enrolled in
43 a family medical plan and who lives in a nonservice area as follows:

44 1. Up to three hundred fifty dollars per month if the retired member
45 or survivor of the plan and one or more dependents are eligible for medicare.
To qualify for this additional benefit, a retired member or survivor shall

1 pay out-of-pocket medical insurance premiums of at least two hundred dollars
2 per month.

3 2. Up to four hundred seventy dollars per month if the retired member
4 or survivor of the plan is eligible for medicare and one or more dependents
5 are not eligible for medicare. To qualify for this additional benefit, a
6 retired member or survivor shall pay out-of-pocket medical insurance premiums
7 of at least four hundred dollars per month.

8 ~~H.~~ F. A retired member or survivor of the plan who is enrolled in a
9 managed care program in a nonservice area is not eligible for the payment
10 prescribed in subsection D, ~~OR E, F or G~~ of this section if the member
11 terminates coverage under the managed care program.

12 ~~I.~~ G. A retired member or survivor of the plan may elect to purchase
13 individual health care coverage and receive a payment pursuant to this
14 section through the retired member's employer if that employer assumes the
15 administrative functions associated with the payment, including verification
16 that the payment is used to pay for health insurance coverage if the payment
17 is made to the retired member or survivor of the plan.

18 ~~J.~~ H. For the purposes of this section, "nonservice area" means an
19 area in this state in which the Arizona state retirement system pursuant to
20 section 38-782, the department of administration pursuant to section
21 38-651.01 or the member's or survivor's participating employer does not
22 provide or administer a health care services organization program, excluding
23 any preferred provider organization program or individual health indemnity
24 policy, for which the retired member or survivor of the plan is eligible.

25 Sec. 6. Emergency

26 This act is an emergency measure that is necessary to preserve the
27 public peace, health or safety and is operative immediately as provided by
28 law.